

Dart Industries Inc.
Annual Report
Nineteen Seventy-three

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

10 Years of Growth 1964 1973

Earnings per Share \$1.30 \$2.77

Sales \$447,000,000 \$993,000,000

Net Earnings \$28,000,000 \$62,000,000

Working Capital \$133,000,000 \$242,000,000

Cash Flow \$45,000,000 \$104,000,000

Properties Owned Net \$122,000,000 \$325,000,000

Total Assets \$355,000,000 \$1,035,000,000

Stockholders' Equity \$188,000,000 \$565,000,000

Dart Industries Inc. Annual Report Nineteen Seventy-three

Dart Industries is a consumer products company with a strong base in chemical and plastics technology. The company's products are marketed directly to consumers in the home or through retail outlets, or indirectly through intermediate manufacturers and converters who supply to consumers. International headquarters are in Los Angeles, California.

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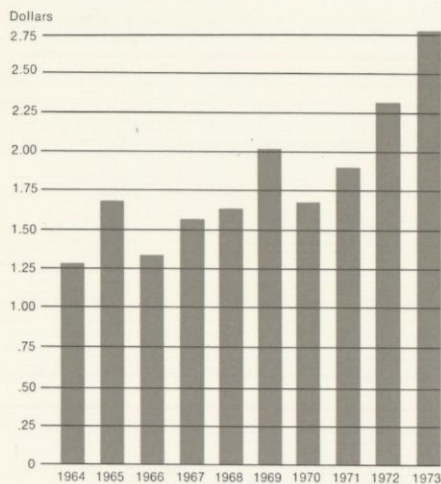
Directors and Officers 44

Annual Meeting

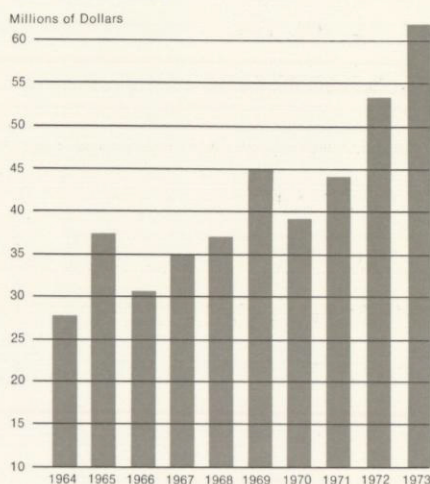
The Annual Meeting of Stockholders of Dart Industries Inc. will be held at 9 a.m. on Tuesday, April 23, 1974, at Corporate Headquarters, 8480 Beverly Boulevard, Los Angeles, California 90048.

Ten Years of Growth

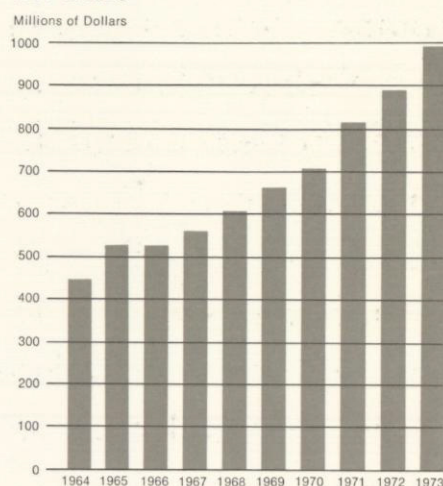
EARNINGS PER SHARE



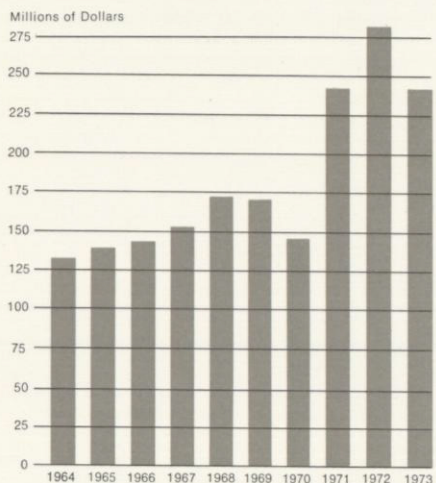
NET EARNINGS



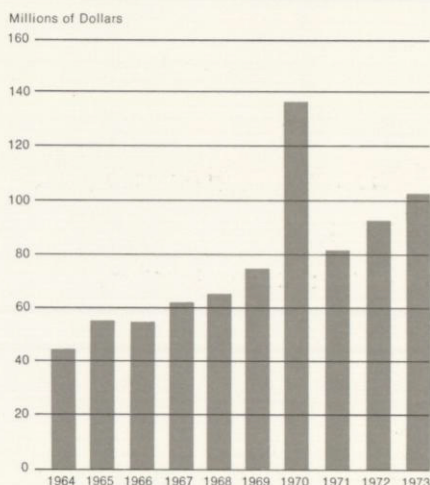
NET SALES



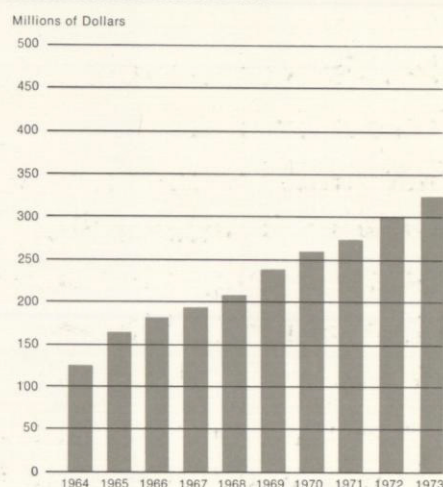
WORKING CAPITAL AT YEAR-END



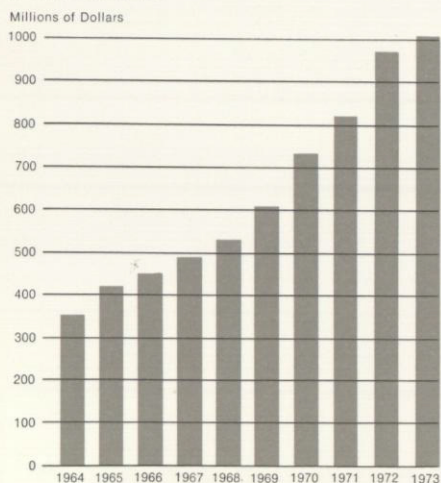
CASH FLOW



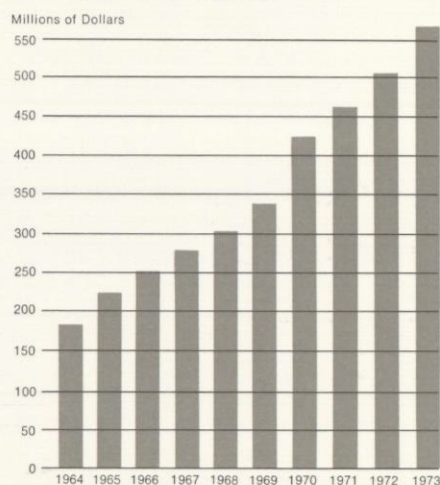
PROPERTIES OWNED NET



TOTAL ASSETS



STOCKHOLDERS' EQUITY



Note: All figures restated for years prior to 1973. Net earnings and earnings per share based on operations only, do not include extraordinary gains. See pages 42-43 for full details.

The Year in Brief

	1973	1972†
Operations		
Net sales	\$993,322,000	\$892,380,000
Earnings before taxes and extraordinary items	119,890,000	104,315,000
Earnings before extraordinary items	62,290,000	53,715,000
Extraordinary items		1,143,000
Net earnings	62,290,000	54,858,000
Earnings per share of Common Stock‡ Including Common Stock equivalents		
Before extraordinary items	2.77	2.34
Fully diluted		
Before extraordinary items	2.67	2.28
At Year-end		
Current assets	416,926,000	438,877,000
Current liabilities	174,874,000	156,834,000
Working capital	242,052,000	282,043,000
Long-term debt	197,878,000	204,925,000
Stockholders' equity	564,830,000	511,949,000
Shares of Common Stock outstanding	20,337,800	20,227,700*
Shares of Preferred Stock outstanding	2,956,400	2,957,100
Dividends Per Share		
Common Stock		
Cash	\$.325	\$.29*
Stock	3%	3%
Preferred Stock	\$ 2.00	\$ 2.00

†Restated for poolings of interests.

‡Net earnings per share including Common Stock equivalents were \$2.77 for 1973 and \$2.40 for 1972; fully diluted net earnings per share were \$2.67 and \$2.33 for 1973 and 1972.

*Adjusted for 3% Common Stock dividend issued in March 1973.

Sales and Pre-tax Earnings by Lines of Business

The earnings presented below are before deduction of certain corporate expenses, interest expense, except for land development obligations, and income taxes; and before addition of certain other income. International operations are included.

	1973 (in millions)		1972**	
	Sales	Earnings	Sales	Earnings
Direct Selling	\$276	\$ 70.0	\$223	\$ 54.3
Consumer Products	163	18.3	146	20.4
Chemicals and Plastics	333	45.2	273	33.4
Glass Containers	142	13.4	125	17.0
Resort Development	10	(7.1)	23	.3
Rexall Drug and Retail	69	2.1	102	2.2
Total	\$993	\$141.9	\$892	\$127.6

**Restated for poolings of interests.

President's Letter to Stockholders

ANOTHER RECORD YEAR

1973 was another record year with earnings of \$2.77 per share of Common Stock, 18 percent ahead of 1972, the previous record high year. Net earnings were \$62.3 million compared with \$53.7 million in the prior year. Sales were \$993 million compared with \$892 million in 1972. Income taxes were provided for in the amount of \$57.6 million of which \$53.7 million are payable currently.

The achievements of our Direct Selling and Chemical and Plastics Groups were particularly outstanding as is shown in the Lines of Business table on page 2. The Direct Selling Group increased its operating earnings 29 percent over 1972, the result of improvements in the Tupperware and Vanda Beauty Counselor divisions. The Chemical and Plastics Groups achieved a 35 percent improvement in operating earnings over 1972.

Pre-tax margins on sales were 12.1 percent in 1973 compared with 11.7 percent in 1972. After tax return on Stockholders' equity at year-end increased to 11.0 percent from 10.5 percent in 1972.

For the ten-year period ending in 1973, earnings per share have grown at a compound annual rate of 12.7 percent.

International Operations

Operations outside the United States continued to show the very satisfactory improvements of recent years. Of the total sales of the operating groups as shown in the Lines of Business table, \$211 million, or 21 percent, came from international operations. Net earnings from international operations were 29 percent of total net earnings, or \$17.8 million. This was an increase of 36 percent over 1972.

The strengthening of the dollar that occurred during the latter part of 1973, and particularly in the early part of 1974, has reduced the value of foreign currencies in relation to the dollar. This changing relationship, among other factors, makes it difficult at this time to assess the degree of improvement in overseas operations for 1974.

Dividends

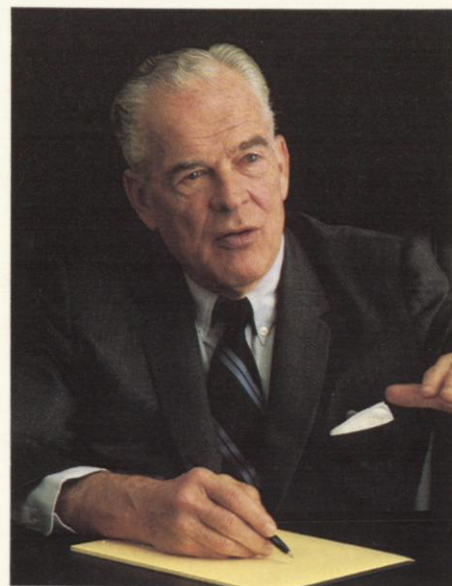
Dividends on Common Stock in the first three quarters of 1973 were paid at the rate of 7½ cents per quarter. In the fourth quarter, a 10 cent dividend was paid, bringing total dividends per Common share to 32½ cents plus the 3 percent Common Stock dividend paid in March 1973. For the sixteenth consecutive year, a 3 percent dividend on the Common Stock has been declared, payable in May 1974. In October 1973, Stockholders were advised of the Company's intention to consider stock dividends at its January Board meeting starting in 1975, rather than in October as has been customary.

Financial Condition

The Company's financial condition continued to be very strong as reflected graphically on page 1. Total assets topped \$1 billion before year-end, Stockholders' equity was over \$560 million, cash flow was more than \$103 million and working capital remained substantial. Cash and marketable securities amounted to more than \$138 million.

On December 31 the Company owned and was receiving regular cash dividends on approximately 927,000 shares of common stock of The 3M Company, which were received in the 1970 sale of the Company's ethical drug business. Of these, 847,000 shares are subject to exchange upon surrender by holders of debentures issued in 1972. In addition, 80,000 shares remain for general corporate uses.

The Company's debt to equity ratio, 40 percent at the end of 1972, was 35 percent at year-end. \$80 million of long-term debt is exchangeable



Justin Dart, Chairman, President and Chief Executive Officer

into shares of The 3M Company. While this \$80 million is technically long-term debt, we wish we had more of it. The equivalent pre-tax cost of this money was 2.47 percent after receiving the 3M dividend.

The ratio of current assets to current liabilities is 2.4 to 1 compared with 2.8 to 1 in 1972, reflecting principally an increase in the investment portfolio.

At year-end, the portfolio of marketable securities was concentrated in high-grade utility and industrial issues yielding 6.4 percent after tax.

Capital Expenditures

For 1973, \$65 million was required for capital improvements and replacements. Expenditures for 1974 are estimated at \$80 million.

Depreciation and amortization in 1973 was \$39 million. Domestic investment tax credits of \$2.2 million were applied to reduce the provision for taxes in 1973; for 1972, the credits were \$1.7 million. This added 11 cents per share to earnings in 1973 compared with 8 cents in 1972.

Resort Development

As reported last year, land accounting now is on the installment method. In the recitation of our divisional results, we show Resort Development with an operating loss of \$7.1 million. However, we have accumulated over several years a deferred profit of \$11.5 million pre-tax which is realizable in future years.

We have commented several times on the pending law suits against us, which we believe involve claims that are conceptually without merit and quantitatively ridiculous. We are not going to spend excessive sums to buy our way out of these harassments; and we repeat previous statements that, in our opinion, these actions will not materially affect the Company's assets or earnings.

Energy and Materials Shortages

During 1973, we successfully met the challenges presented by materials and energy shortages. The performance of management and employees at every level of operations contributed to minimizing negative effects. The exchange of information among our divisions in assisting each other in the areas of energy and raw materials played a significant role in alleviating the problem.

How will the energy crisis and materials shortages affect Dart Industries in 1974? At this time we think that we can live with this difficult situation. It will not be easy—there will be many dislocations—but we believe that we can produce an over-all satisfactory result.

We are more concerned about the inflationary process than we are about the energy crunch itself. The two, of course, are interrelated.

Management Organization

Donald H. Brewer was elected vice chairman of the Board of Directors in August 1973. He succeeded Franklin B. Pollock who retired May 31, 1973, in accordance with plans announced in last year's annual report. Mr. Brewer continues to serve as executive vice president, Finance and Administration, with responsibility for all Corporate Staff functions. In addition, two operating divisions report directly to Mr. Brewer—Thatcher Glass and Dart Resorts. He has been with the Company since 1959 when he was elected a vice president and president of the Plastics Group and has been a member of the Board of Directors since 1961.

Gary A. Childress, 40, Joseph J. Keenan, 49, and John T. Pollock, 48, have been elected vice presidents of the Company. They continue as president

and chief executive officer of the Plastics, Consumer Products, and Glass Containers Groups, respectively.

Mr. Childress, in addition, has been named assistant to the president.

Dr. K. Wayne Smith, 35, was appointed president and chief executive officer of the Resort Development Group, succeeding George J. Daly who has left to accept a senior management position with another company. Dr. Smith joined the Corporate Staff in 1971, where he had been responsible for planning. For the year prior to his new appointment he had served as executive vice president for Dart Resorts.

Board of Directors

Ernest R. Breech, who had been a member of the Board of Directors since 1961, retired from the Board at the annual meeting last year. At that time he was appointed an honorary director and honorary chairman of the Board of Dart Industries. Ernie Breech's contributions to the free enterprise system need no reviewing here in view of his legendary and exemplary reputation in American business. As an executive officer of General Motors and chief executive of some of the nation's other largest companies such as Bendix, North American Aviation, Ford and TWA, he leaves a record that will be tough to equal. We at Dart Industries are proud that he has lent his name, his prestige and his expertise to your Company. We were most fortunate to have had the benefit of his invaluable advice and counsel during the past decade. We are pleased that he will continue to serve as an honorary member of your Board.

Curtis Barkes was elected to the Executive Committee of the Board succeeding Mr. Breech. Mr. Barkes joined the Board in 1970.

James E. Shelton

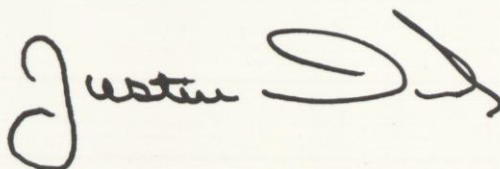
We regret to report the death in January 1974 of James E. Shelton. Mr. Shelton had been a director of your Company from 1952 to 1965, and an honorary director since then.

Mr. Shelton was chairman and chief executive officer of Security First National Bank (now Security Pacific) until his retirement in 1962. He was conspicuously successful as a banker and made a notable contribution to your Company. In addition, his wit and warm personality endeared him to all of us. We miss him.

Outlook for 1974

We have never entered a year with as many challenges, whether it be from the standpoint of economic climate, material availability, costs, or many other factors that can affect the corporate body.

It is a measure of the strength derived from diversity within Dart Industries that we can project, from today's viewpoint, cautious optimism that results of 1974 operations will set still another all-time earnings record for the Company. Early estimates of first quarter results tend to support this view.



March 4, 1974

Group Management Letters to Stockholders

DIRECT SELLING GROUP

Tupperware continues to be the number one brand name in plastic housewares for food preparation, storage, and serving. Whereas ten years ago the division operated five manufacturing plants, four of which were outside the United States, today there are thirteen plants in as many countries plus three plants in the United States. Three other plants, two in Australia and one in the United States, manufacture the high-technology molds required for the forming of *Tupperware* products.

The products are demonstrated to homemakers at home parties worldwide by a trained direct selling organization consisting of independent dealers and distributors.

Tupperware Growth Exceeds 15 Percent

Since 1958, results of operations in the *Tupperware* division have improved at a better than 15 percent compound annual rate. 1973 was no exception. Each of the *Tupperware* division's geographical areas — North and South America; Europe, Africa and the Middle East; and the Pacific — achieved very satisfactory growth during the year.

For *Tupperware* North and South America, emphasis on recruiting and training backed by the introduction of a record number of new products contributed to progress both in sales and earnings. Production capacity of the Jerome, Idaho, plant — built in 1972 — was doubled during the year to support anticipated continued growth.

Manufacturing Expanded Worldwide

Forecasts of continued international growth were supported with the opening of new manufacturing facilities in Tours, France, and Auckland, New Zealand. In addition, substantial increases in production capacities have been implemented in almost all overseas plants.

In recognition of their outstanding sales and organizational achievements, Joseph Hara, president of *Tupperware* Home Parties since 1966, and Walter Bond, president of *Tupperware* Europe, Africa and Middle East (TEAM) since 1968, have been promoted to executive vice presidents of *Tupperware* International. Mr. Hara continues to be responsible for *Tupperware* sales operations in North and South America. Mr. Bond is now responsible for sales operations in all other parts of the world. He has been succeeded as president of TEAM by Hugh Pond, who has been with that organization since 1962. John K. McCall, who has been president of *Tupperware* Pacific Operations since 1969, continues in that position. The manufacture and quality of *Tupperware* products worldwide remain the responsibility of John R. Ansley, president of *Tupperware* Manufacturing International since 1958.

Confident Outlook For 1974

We face the general economic and materials problems of 1974 with considerable confidence based on both past and current experience. Raw material shortages are not expected to be a major problem because of our strong position with various suppliers worldwide. By their very nature, *Tupperware* products and the popular home party plan are ideally suited to today's challenges. For one thing, the home party brings the product to the customer. Also, by being almost infinitely reusable, *Tupperware* products conserve raw materials used in their manufacture, and they help consumers stretch food dollars and reduce the number of shopping trips.



Hamer F. Wilson, Executive Vice President,
Chairman and Chief Executive Officer,
Direct Selling Group

Vanda Marketing Program Reorganized

Development of the Vanda Beauty Counselor division into a viable addition to the Company's direct selling businesses continued during 1973, with losses being reduced for the third consecutive year.

Sales increases for the division's cosmetics and toiletries were recorded in the United Kingdom, France, Canada and South Africa, and operations in the latter two countries were profitable. Losses were reduced substantially in the United Kingdom while competitive pressures kept the French operation from meeting its planned results. In the United States, Italy and Mexico, marketing programs were reorganized. Italian and Mexican sales operations are being reorganized to a plan in which independent distributors are responsible for the distribution of products and the recruiting and training of counselors. With the completion of this reorganization, Vanda Beauty Counselor sales worldwide will be based on the distributor plan.

In mid-year, Russell Ricker, who has had extensive direct selling experience with the Tupperware division as a dealer, manager, distributor and most recently as regional vice president, was named president of Vanda Beauty Counselor—United States. To serve the needs of the independent distributors on an individual basis, the division's field sales management was expanded. The objective is to strengthen the distributors' capabilities in recruiting, training and motivating managers and counselors.

New Sales Program in United States

Concurrently, a new sales program was introduced in the United States which encouraged counselors to promote and sell a full quality line of *Vanda Beauty Counselor* cosmetics and toiletries, instead of selling primarily selected items at special discount prices. The positive reactions of both distributors and counselors to the program encouraged management to proceed with it on a national basis in January 1974.

During the year, development of the *Vanda Beauty Counselor* line worldwide was centralized into one department in order to unify the product line, standardize packaging and facilitate distribution.

Our goal for 1974 is to show additional and substantial progress in the further development of our product line and improvement in sales toward the end of creating a profitable new business.

Hamer Wilson

CONSUMER PRODUCTS GROUP

Sales for the Consumer Products Group, which manufactures and markets a variety of housewares and home furnishings, showed a significant increase with all divisions being above their 1972 levels. However, group earnings were lower for 1973, largely due to reduced earnings in the West Bend housewares division. Margins were affected both by rapidly increasing costs and by shortages of plastic parts, which caused disruptions in production.

At West Bend, the direct selling division (Miracle Maid in the United States and Canada) continued its growth. Stainless steel cookware sales to distributors, who sell to customers directly in the home, also were higher.

West Bend Introduces New Products

The West Bend housewares division's major new product in 1973, its *Quik Drip* coffee maker, was very popular with consumers. As a result, production capacity has been increased substantially. A larger model, the 16-cup *Quik Drip II* coffee maker, was introduced to the trade in January 1974. There also was good demand for West Bend's *Slo-Cooker*. A smaller 3½-quart capacity *Slo-Cooker*, along with a broad assortment of other new products and cookware patterns, was introduced early in 1974.

At year-end, construction of a 100,000 square-foot manufacturing facility for *Miracle Maid* cookware in Ogden, Utah, was near completion. In addition to providing needed new capacity, the facility will be used as a distribution center for West Bend housewares.

Syroco, Coppercraft Have Record Years

The Syroco division in both the United States and Canada had another record year. In addition to its continuing importance in the wall accessory field, Syroco had substantial growth in its highly successful casual furniture line. An extensive selection of new products was introduced early in 1974.

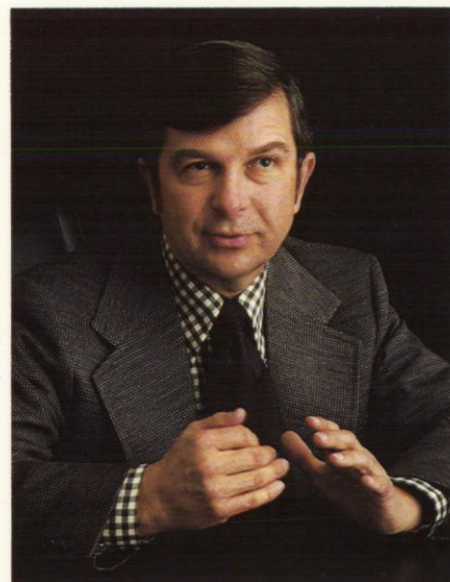
Coppercraft Guild, which sells copper giftware directly in the home through independent dealers, had another strong year despite the accelerating cost of copper. The enthusiastic response to Coppercraft's sales program for 1974 has resulted in increased recruiting of new dealers, which should benefit sales. Coppercraft Guild of Canada continued to show excellent progress in its second year of operation.

The Thermo-Serv division was little affected by material costs and procurement problems. It continues to be a leader in the insulated food and beverage field, with heavy sales emphasis on its 16-ounce beer stein.

A major realignment in management personnel at the Babcock-Phillips division, along with a restyling of the division's hassock and cushion lines and a more aggressive marketing policy, is expected to yield improved results in 1974. New product introductions will broaden the line.

Although Nappe-Smith showed improvement from prior year results, the operation was affected by price control limitations and limited supplies of vinyl materials required for its insulated bag product line.

During 1974, we anticipate that the Consumer Products Group will not be seriously affected by shortages of energy or raw materials. This factor, plus strong consumer demand for our products, gives us confidence that we will have another successful year.



Joseph J. Keenan, Vice President; President and Chief Executive Officer, Consumer Products Group

A handwritten signature in dark ink, appearing to read "J. Keenan".

CHEMICAL AND PLASTICS GROUPS

Chemical Operations

The Chemical Group, whose divisions are engaged in the manufacture of plastic raw materials and chemical specialties and provide environmental services and research, set new records in 1973 with the Plastic Raw Materials sector leading the way.

Resins Production Reaches Record Level

Production of polyethylene*, polypropylene*, polystyrene and ABS resins by Rexene Polymers reached record levels. Increased sales and price increases, within the Cost of Living Council guidelines, were major contributors to the improvement. Technical efforts are continuing to further increase production capabilities from existing facilities. CT Film* also achieved sales and production records in 1973. Construction of a new CT Film plant at Harrington, Delaware, was completed and production started early in 1974. This plant provides a base for entry into the important mid-Atlantic and southeast markets.

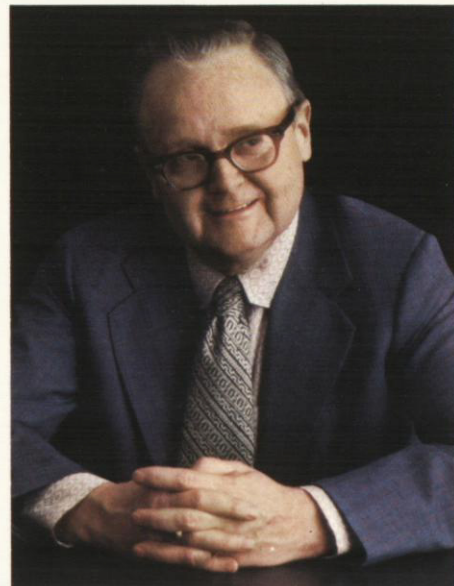
Chemical Specialties Show Improvement

The Chemical Specialties sector showed a very satisfactory improvement despite some adverse effects from raw material shortages and price control constraints at some divisions. In color concentrates, Wilson Products' sales continued their healthy growth rate, and European operations were particularly successful. PureChem, which produces a catalyst used in polypropylene production, had an excellent year at its new plant in Bayport, Texas.

Synthetic Products Company, a manufacturer of metallic stearates and stabilizers used in the production of rubber and plastics, was adversely affected by a rapid and substantial increase in raw material prices and the inability to pass through the costs in a timely manner because of price controls. The situation had improved somewhat by year-end. Fiberfil division, supplying the automobile, appliance and industrial markets with fiberglass-reinforced thermoplastics, introduced *Poly-T*, a new injection-molding thermoset with a wide range of colorability that is particularly adaptable to the manufacture of components for appliances and electrical products. The division experienced continued improvement both domestically and in its Canadian operations.

Environment And Services Sector Formed

The Environment and Services sector was established during the year, reflecting our increased emphasis on the development and marketing of new products and technology used in the treatment and control of pollution-related problems. Capital Controls manufactures chlorinators and control systems for water purification and waste treatment and provides control systems for oil and gas field development. Lancy Laboratories, which develops new technology for waste treatment systems in the metal finishing industry, expanded operations in Europe. Further expansion of the sector is expected to result from the planned acquisition early in 1974 of Heil Process Equipment Corporation, manufacturer of pollution control and chemical processing equipment. Heil is headquartered in Cleveland, Ohio, and markets its products nationally as well as through licensees in six countries outside the United States. Other new activities under development will place this sector in a position to aid many industries in meeting their pollution control requirements.



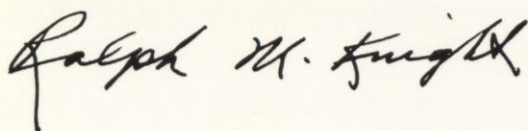
Ralph M. Knight, Senior Vice President; President and Chief Executive Officer, Chemical Group

*Joint venture with El Paso Products Company

New Products, Processes Under Development

Our Development and Engineering sector made significant progress in developing new products and processes, and improving in-plant processes aimed at strengthening our long-range position and productivity. Several pilot plants to support Chemical Group development efforts are in various stages of construction. New products and systems under development include flame-retardant and heat-resistant resins for application in the electrical appliance and automotive industries, catalysts and additives of potential interest to the plastics and rubber industries, metals recovery and recycling, synthesis of fatty acids, continuous ion exchange systems, and removal of sulfur from hydrocarbons. Currently we have in various stages of completion a number of technical projects that we believe will contribute materially to the future potential of the Group.

We anticipate another good year for the Chemical Group in 1974. Although raw material shortages will continue to plague the petrochemical industry, we do not anticipate undue problems because of our long-term relations with reliable suppliers and our ability to change product mix to compensate for particular shortages.



Plastics Operations

The diversity of the Plastics Group, with all the accompanying opportunities, was the major factor contributing to its record earnings in a difficult year. The difficulties stemmed primarily from raw material price increases that developed in the second and third quarters and some material shortages in the fourth quarter. However, increases in sales, reductions in overhead and improvements in product mix generated a very successful year.

Strong performers were Thatcher Plastic Packaging, Imco plastic bottle activities overseas, particularly in Spain and Australia, and Thompson Industries' foam cup operations. The separation of Seamless into two divisions—Seamless Hospital Products and Seamco Sporting Goods—was in effect throughout 1973, with improved results and with further promise for the future. Sales of the Ralph Wilson Plastics division, which produces *Wilson Art* decorative laminates for the interior surfacing of homes and commercial establishments, showed good improvement. Results were affected by material costs and price controls. The garden hose division was similarly affected.

Facilities And Products Being Expanded

New businesses were added that fit well into the Group's overall structure. Plastic Clad, a manufacturer of counter tops for residential and commercial applications, and Woodtape, a manufacturer of wood and woodgrained edgings, are two new divisions that provide additional architectural products. New warehouses for Ralph Wilson Plastics were opened in Denver and Boston, and Los Angeles warehousing was moved to a new and larger facility. New warehousing also was acquired for Plastic Clad in Knoxville, Tennessee, and Jackson, Mississippi.



Gary A. Childress, Vice President and Assistant to the President; President and Chief Executive Officer, Plastics Group

Lawton surgical instruments, which are distributed in the United States and other parts of the world, were added to the Seamless product line. These quality products now are being distributed along with the division's broadening line of medical and surgical products.

Nissin-Dart, a joint venture with Nissin Food Products Company of Japan, commenced the manufacture of foam cups in Japan. Three months after start-up, operations became profitable and the outlook is encouraging.

Plastic Bottle Process Introduced in Europe

Injection blow-molding for plastic bottle manufacture has been successfully introduced in Europe and Australia. This process yields both improved quality and manufacturing efficiencies, particularly in small items difficult to mold. Additional injection molding capabilities were added to Camira-Holland's plastic cup activities. Seamco added tennis balls to its line of sporting goods. Thatcher Plastic continued to show progress with its plastic laminated tube for consumer packaging.

Action Plastics' extrusions for closures and pen barrels were introduced in Australia. U.S. production capacity will be further expanded in 1974 with a new plant at Rockaway, New Jersey.

Although 1974 promises to be a year of continuing shortages and cost pressures, we believe it will be another strong year for the Plastics Group.

Gary A. Childers

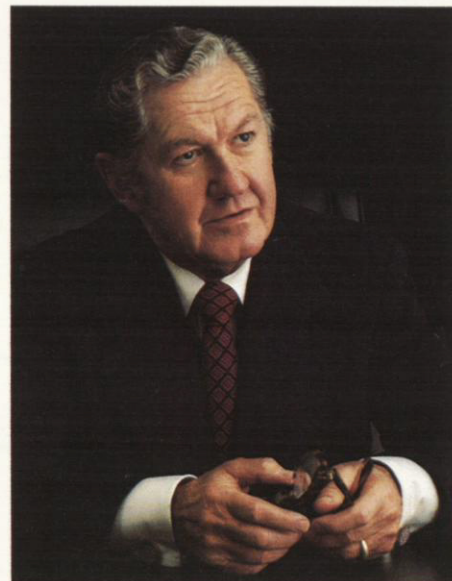
REXALL GROUP

The Rexall New Era Program announced in last year's annual report has been very successful. The program was designed to aid franchisees in the merchandising of high-volume products and to extend the Rexall franchise to areas where distribution was inadequate. The objectives were to increase our operating profits while decreasing invested capital by concentrating our marketing efforts on products manufactured in our own laboratories and by the virtual elimination of sundry non-drug merchandise. The introduction of several new high-volume products and an all-new *Rexall* vitamin line contributed to improved performance.

For the Rexall Group, earnings for 1973 remained approximately level with the previous year while invested capital was reduced by \$6 million, bringing the total capital reduction to approximately \$20 million over the past two years. Sales and operating profits in the retail division were less than the previous year because of the sale of most of the Liggett and Drug King stores. We now own only nine Liggett stores on the East Coast and one Company store in the Corporate Headquarters building in Los Angeles.

Rexall Canadian operations continued to show profit improvement, and Rexall South Africa had another record year.

Robert T. Beattie



Robert T. Beattie, Vice President; Chairman and Chief Executive Officer, Rexall Group

RESORT DEVELOPMENT GROUP

During 1973, the Resort Development Group was reorganized toward marketing a broad product line of homesites, houses and condominiums, and recreational activities. Each of our developments was re-oriented toward family living with a full range of amenities and activities. Concurrently, the sales force was reduced to a small team of in-house professionally-trained salespeople, and annual administrative costs were reduced by approximately \$1 million. The net result is a strong foundation on which to build long-range growth.

Sales Reopen At Tahoe Donner Resort

Operations for the year were adversely affected by a five-month break in sales at the Tahoe Donner resort community in northern California. Sales had been suspended voluntarily because of a question over the availability of an adequate water supply and were reopened in December.

Factors contributing to a better outlook for 1974 include the reopening of sales at Tahoe Donner and the planned opening in the spring of 1974 of Silver Lakes, a water-oriented resort community in the high desert of southern California. These resort communities, in combination with Bear Valley Springs located in the mountains of southern California, give us three excellent projects with good marketing potential for 1974.

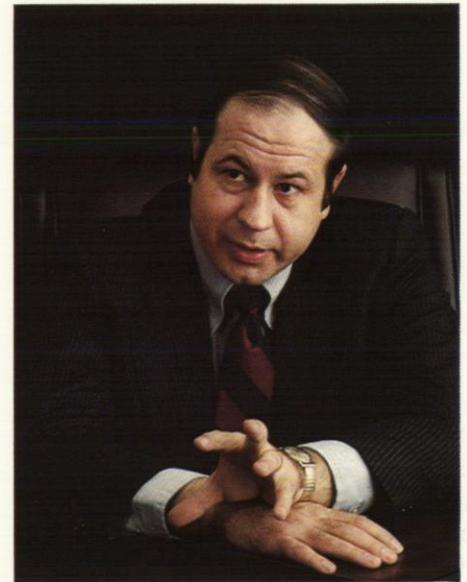
In addition, most of the development costs now are behind us. At year-end 1973, work on facilities and amenities at Tahoe Donner was over 80 percent complete. Silver Lakes and Bear Valley Springs were each more than 75 percent complete at year-end.

Individual Homes Under Construction

The emphasis on greater family use of our resort communities also is showing in construction of housing units. By the end of 1973, a total of over 400 homes and condominium units had been completed or were under construction at Bear Valley Springs and Tahoe Donner. Of this total, approximately half were individual property owner homes.

Although the effects on operations from energy shortages are difficult to assess, we believe the fact that our resort communities are only a tankful of gas away from California's major metropolitan markets stands us in relatively good stead. In addition, we are taking actions to enable property owners and their guests to visit our resort communities. We believe that our orientation toward family recreation, along with our flexible responses to such factors as the gasoline shortage, will contribute to improved performance for the Resort Development Group in 1974.

K. Wayne Smith



K. Wayne Smith, President and Chief Executive Officer, Resort Development Group

GLASS CONTAINERS GROUP

During 1973, the glass container industry was adversely affected both by cost increases that could not be passed on to customers in a timely manner because of price controls, and by a worldwide shortage of soda ash and other raw materials needed in the manufacture of glass containers. These factors resulted in decreased earnings for Thatcher Glass although sales growth was very satisfactory.

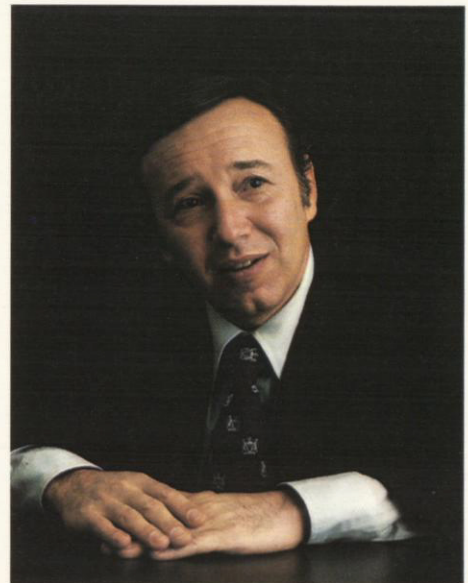
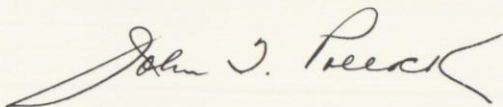
In September 1973, the division was able to increase prices by approximately 4.5 percent. This was the first price increase for Thatcher in almost 18 months. Although it came too late in the year to alleviate cost pressures, the increase improves the outlook for 1974 provided further needed price relief is granted by the Cost of Living Council. The outlook also is aided by improved demand for glass containers.

Clear Coat Shatter Guard Introduced

A new smooth-finish, clear-coated version of the *Shatter Guard* glass container was introduced late in the third quarter. Originally marketed in 1972 with an opaque finish, these plastic-coated glass containers resist breakage and inhibit shattering if they are broken. Customer reaction to this new packaging concept continues favorable.

In response to energy shortages that became a problem during 1973, significant reductions in fuel consumption have been made. We have instituted a major drive to locate quantities of broken glass (cullet) for recycling. A higher percentage of cullet not only reduces the amount of fuel required to fire our furnaces but also conserves soda ash.

As a result of recent strong demands for glass containers, we anticipate no problem in selling our total output for 1974.



John T. Pollock, Vice President; President and Chief Executive Officer, Glass Containers Group

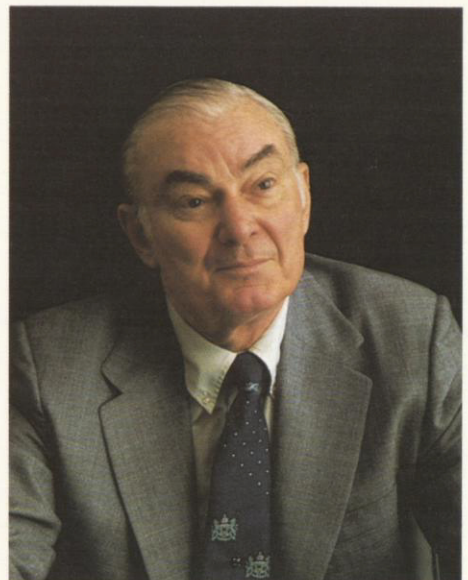
CORPORATE STAFF

The Corporate Staff and operating groups have continued with the development of more effective programs of mutual assistance in internal auditing, money management, financial analysis and controls, legal, labor relations, personnel, management services, and communications. Group operating autonomy continues as a cornerstone of Company policy, with the additional insurance of Corporate Staff checks and balances which have been more completely implemented in 1973.

Responsibility for controls, auditing and legal supervision is an increasingly important management requirement and improved systems are under constant consideration.

The Treasurer's department manages money in a climate of fluctuating international currency values and complex tax laws. The Legal department is providing valuable counsel and support for all divisions in administering price control requirements.

The Financial Analysis and Review department, in conjunction with certain staff personnel, is participating in depth with the various operating groups to develop basic profit plans. This cooperative analysis is improving evaluations, understanding, and the confidence in planning that is involved with earnings per share, cash flow, capital expenditures, and the other important factors involved in operating the Company.



Donald H. Brewer, Vice Chairman of the Board; Executive Vice President, Finance and Administration

Another example of mutual assistance has resulted from the extensive use by the groups of corporate management services to help solve raw material and energy shortages. The results have been gratifying and are a basis for confidence that we can continue to resolve these problems.

Public standards for business performance continue to be raised, and the importance of controls, communication, and analysis to meet these standards becomes more essential than ever. Optimizing the use of management, capital and facilities through a merging of group and Corporate Staff effort is an effective means of meeting desired management and public goals.

Dart Direct Marketing

Dart Direct Marketing offers a variety of services, including mailing list compilation and computerized direct marketing programs by Market Compilation and Research Bureau (MCRB), mailing list market planning by Lewis Kleid Company, and direct response advertising by Western Direct Marketing. As an outgrowth of these capabilities, the division in 1973 introduced *Me-Books* publications. These are children's books that, through the versatility of computer printing, are personalized with the names of a child and his friends and pets appearing throughout. This series of books now is being marketed through retail outlets, book clubs and educational and premium channels.

Donald H. Brewer

Donald H. Brewer, Vice Chairman of the Board; Executive Vice President, Finance and Administration



Corporate financial executives, from left, are Thomas M. Mullen, Vice President and Treasurer; William R. Palmer, Vice President and Controller; and Vincent R. Cucina, Group Vice President, Financial Analysis and Review.



Corporate Staff executives, from left, are Robert G. Fergusson, Group Vice President, Manpower Planning; Norman Wicks, Vice President, Corporate Relations; Russell K. Bolton, Vice President and General Counsel; and Ernest L. Ramme, Group Vice President, Management Services.

Products and Services to Serve Consumer Needs

In 1973, almost 70 percent of Dart Industries' operating earnings came from products related to consumer needs, while about 30 percent came from chemical and plastics technology that supports consumer needs. These products reach consumers directly in the home or through quality retail outlets, or indirectly through product specifications set down by architects, engineers, and manufacturers. The products and the divisions that produce and market them are featured in the following pages.

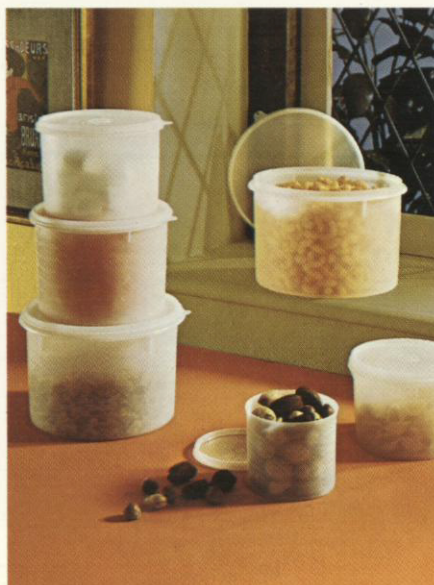
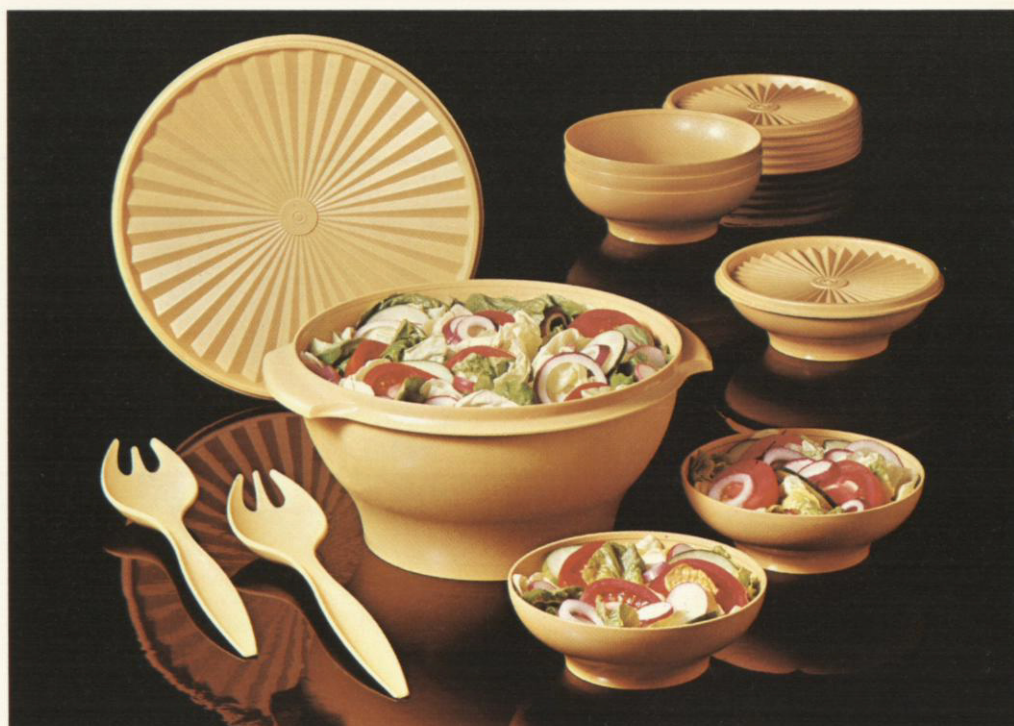
Products available directly to consumers *in the convenience of their homes* include Tupperware food preparation, storage and serving containers; cosmetics and toiletries for the entire family from Vanda Beauty Counselor; cookware and electric housewares from Miracle Maid and the Specialty Sales division of West Bend; and copper giftware and decorative items from Coppercraft Guild.



Products available directly in the home include Tupperware food preparation, storage and serving containers. Below, clockwise from upper left, are tomatoes

kept fresh in *Tupperware Wonderlier* bowl; new *Decorator Salad Set* with twin forks and individual matching bowls;

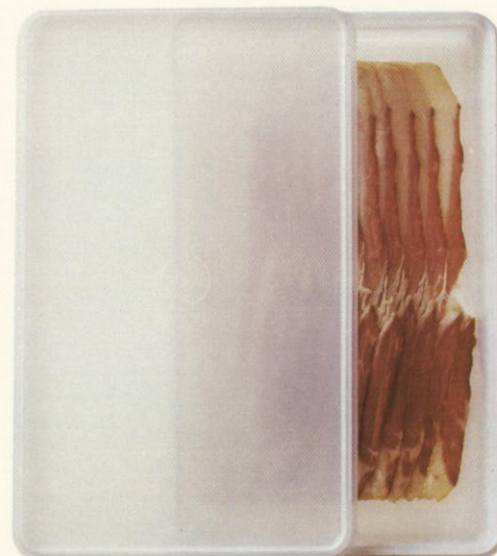
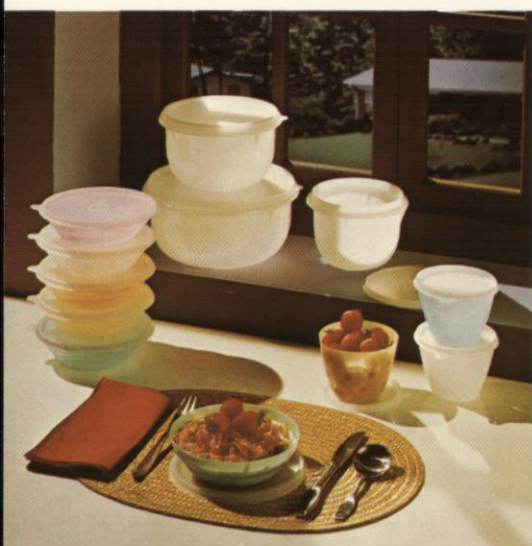
one-quart beverage container with its new two-quart companion; a variety of canisters; and twin red and yellow Mustard and Catsup Set.



Other Tupperware products include, clockwise from upper left, variety of cereal, mixing and refrigerator bowls;

fresh vegetable containers; Bacon Keeper; nine-inch Pie Taker with convenient *Carriolier* Handle; and variety of bread and cereal containers. *Tupperware*

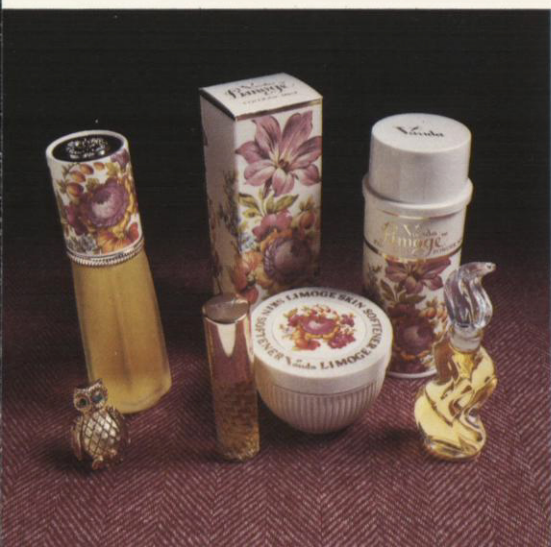
products are sold throughout the United States and in over 30 other countries by independent dealers through the home party plan.



Cosmetics and toiletries by Vanda Beauty Counselor also are available directly in the home through independent counselors. Clockwise from upper

left are new *Limoge* fragrance line; eye makeup products including latest *Oodles of Lash Mascara*; *Soft Soft*

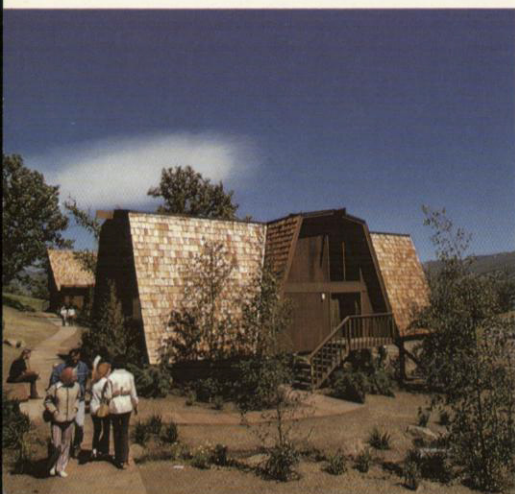
products for the bath; Vanda's premium skin care line, *Resplenda*; and *RPM* cologne for men along with new *RPM* spray powder.



Other products available directly in the home include, upper left, copper giftware and decorative items from Coppercraft Guild and right, new French skillets from Miracle Maid. At lower left, homes

and homesites in recreational communities are marketed directly to consumers by the Resort Development Group. Chil-

dren's personalized *Me-Books*, lower right, can be ordered from Dart Direct Marketing through retail and premium channels.



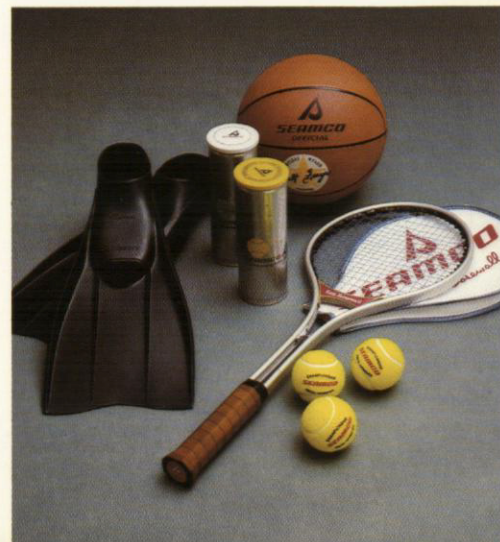
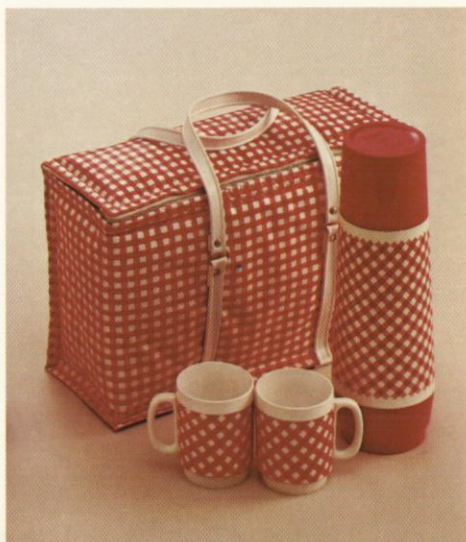
Products available through retail outlets *include cookware and electric housewares by West Bend; casual furniture and decorative accessories by Syroco and Babcock-Phillips; insulated serving ware and bags by Thermo-Serv and Nappe-Smith; plastic tableware, cups and food containers by the Styro-Products division; sporting goods by Seamco; pharmaceuticals by Rexall; and garden hose by Colorite and Gering.*



Products available through retail outlets include, clockwise from upper left, West Bend's newest cookware line, *Tuf White*, with the interior finish guaranteed five

years; *Quik Drip II*, party-size version of West Bend's popular drip coffee maker; recreational products by Seamco Sporting Goods; gingham pattern *Tailgater*

insulated bag and thermos set by Nappe-Smith and Thermo-Serv; Babcock-Phillips' versatile new block chair covered in suede cloth.



Other products available through retail include, below left, five-piece dining/game table and chair set, newest addition to Syroco's casual furniture line;

upper right, vitamins and other drug products from Rexall, garden hose by Colorite and Gering. At lower right are plastic dinnerware, cups and containers

marketed through retail channels and to distributors of carry-out and delicatessen foods by companies of the Styro-Products division.



Products that serve consumers indirectly include decorative laminates manufactured by Ralph Wilson Plastics for the interior surfacing of homes and commercial establishments; Seamless medical and surgical products for hospitals; glass containers manufactured by Thatcher Glass for a wide range of foods and beverages; and tubes and containers from the Plastic Specialties and Packaging divisions that are used to package cosmetics, toiletries and household products.



New *Sierra Plank* pattern of *Wilson Art* decorative laminate is shown in home den application, below left. Plastic Clad's installation of *Wilson Art* laminates in seating, rails and paneling at

Birmingham, Alabama, airport is at right. At bottom of page, from left, are plastic bottles, tubes and specialties used in a

variety of applications; Seamless medical and hospital products; clear plastic-coated *Shatter Guard* glass containers by Thatcher Glass.



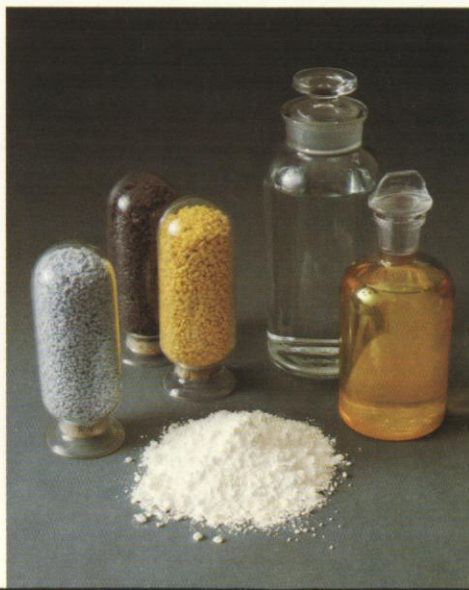
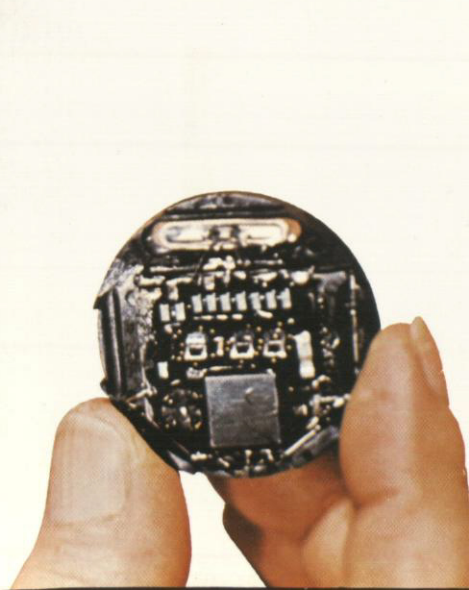
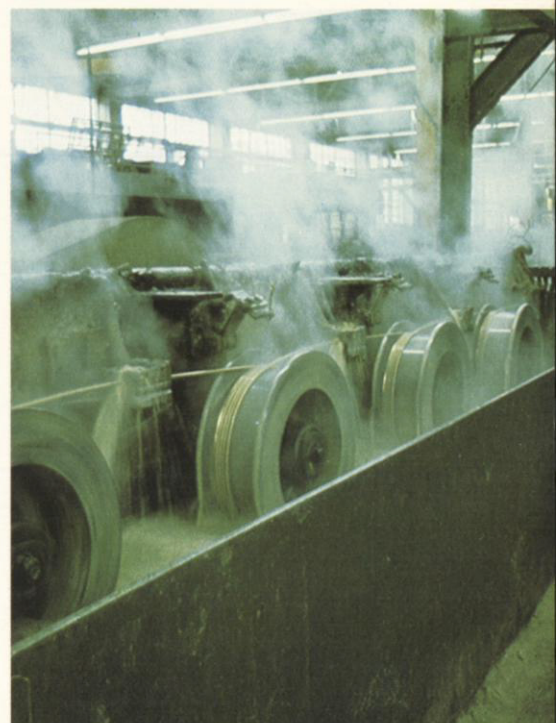
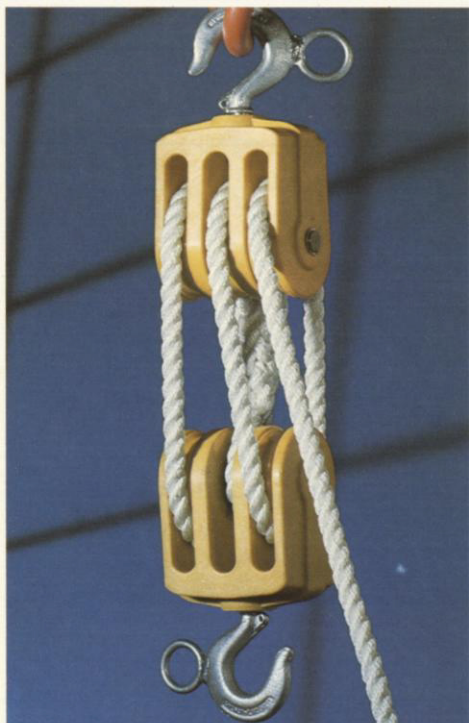
Technology to serve consumer needs is represented by plastic resins developed and produced by Rexene Polymers as the raw materials for housewares, packaging, and parts for appliances; plastic packaging film manufactured by CT Film; Fiberfil's fiberglass-reinforced thermoplastics that impart structural strength to varied products; and by colorants and chemical additives. Chemical Group technology also serves industrial and commercial programs for a clean environment.



Applications of fiberglass-reinforced thermoplastics produced by Fiberfil range from a rugged 2500-pound capacity block and tackle to a precision wrist-watch frame, below left. CT Film produces plastic film for myriad consumer

applications, center, while catalysts, additives and colorants needed in the manufacture of plastic resins and end-products come from Aztec, PureChem, Synthetic Products and Wilson Products.

Lancy Laboratories engineers waste treatment systems for the metal finishing industries, right; Capital Controls, lower right, manufactures chlorinators and instrumentation for water purification and waste treatment.



Dart Industries Inc.

Companies and Products

Direct Selling Group

Headquarters—Orlando, Florida
Tupperware Division—*Food preparation, storage and serving containers; toys*
Vanda Beauty Counselor Division—*Cosmetics and toiletries*

Consumer Products Group

Headquarters—West Bend, Wisconsin
Babcock-Phillips—*Hassocks, cushions, pillows*
Coppercraft Guild—*Coppercraft Guild Canada—Copper giftware and decorative items*
Nappe-Smith Company—*Insulated bags and thermal containers*
Syroco—*Syroco Canada—Decorative accessories, casual furniture*
Thermo-Serv—*Insulated and non-insulated serving ware, vacuum products*
The West Bend Company—*West Bend of Canada—Cookware, electric housewares, humidifiers*

Glass Containers Group

Headquarters—White Plains, N. Y.
Thatcher Glass—*Convenience packaging*

Corporate Staff

Headquarters—Los Angeles, California
Dart Direct Marketing
Market Compilation and Research Bureau—*List compilation and computerized direct marketing services*
Me-Books Publishing—*Personalized children's books*
Lewis Kleid Company—*Mailing list market planning*
Western Direct Marketing—*Direct response advertising*
Market Compilation Europe—*Computerized marketing*
Bonus Gifts, Inc.—*Continuity gift program (jointly owned with The Glendinning Companies)*
Corporate Staff services

Chemical Group

Headquarters—Los Angeles, California

PLASTIC RAW MATERIALS SECTOR

Rexene Polymers Company—*Polyethylene, polypropylene and olefins (joint venture with El Paso Products Company, olefins by El Paso)*
Styrenics—*Polystyrene, ABS, oriented polystyrene sheeting*
CT Film—*Packaging film (jointly owned with El Paso Products Company)*
Southwest Latex Company—*Styrene-butadiene latices*

CHEMICAL SPECIALTIES SECTOR

Synthetic Products—*Metallic stearates, vinyl stabilizers*
Catalysts:
Aztec Chemicals—*Organic peroxides and peresters*
PureChem—*Titanium trichloride*
Plastic Specialties:
Fiberfil—*Fiberglass-reinforced thermoplastics, thermoplastic thermosets*
Wilson Products—*Color concentrates and dispersions*

ENVIRONMENT AND SERVICES SECTOR

Capital Controls—*Chlorinators and control systems for water purification and waste treatment*
Electrochemicals—*Chemicals for electroplating*
Lancy Laboratories—*Waste treatment engineering and services*

DEVELOPMENT AND ENGINEERING SECTOR

Research and development, licensing, facilities construction

Resort Development Group

Headquarters—Los Angeles, California
Dart Resorts—*Development and marketing of recreational resorts*
Dart Industries Mortgage Company—*Mortgage financing*

Plastics Group

Headquarters—Los Angeles, California

RALPH WILSON PLASTICS

Panel Products—*Vinyl-clad wall and furniture board*
Plastic Clad—*Counter tops for residential and commercial application*
Wilson Art—*Decorative laminates, laminated art*
Woodtape—*Wood and woodgrained edgings*

STYRO-PRODUCTS

Thompson Industries, Rexcel, Canada Cup, Insulpak, Ltd., Camira, N. V.—*Plastic cups, food containers and dinnerware*

PACKAGING

Thatcher Plastic Packaging—*Tubes, aerosol gaskets, rubber products*
Imco Companies (Belgium, England, Spain, Australia)—*Plastic bottles*

PLASTIC SPECIALTIES

Action Plastics—*Extruded specialties*
Action Plastics and Rubber Company (Belgium)—*Extruded specialties and aerosol gaskets*
American Gasket and Rubber—*Aerosol gaskets, rubber products*
Colorite Plastics—*Garden hose, compounding*
Epcon—*Custom signs and leasing, sign facings and components*
Plasti-Line—*National trademark signs*

SEAMLESS

Seamless Hospital—*Medical and surgical products*
Seamco—*Sporting goods and recreational products*

Rexall Group

Headquarters—Los Angeles, California
Rexall Drug Company—*Manufacturing and franchising (United States, Canada, South Africa)*

NOTE: Product names printed in *italics* on all pages indicate trademarks.

Summary of Accounting Policies

Basis of consolidation Significant subsidiaries are consolidated except for two finance subsidiaries which are accounted for on the equity method. Significant intercompany transactions are eliminated.

Foreign subsidiary balance sheet accounts are translated into United States dollar equivalents at appropriate yearend exchange rates except for property and related items which are translated at historical rates. Revenue and expense accounts are translated at the current rates prevailing during the year except for depreciation and amortization which are translated at historical rates. Net gains on foreign currency translations and revaluations are deferred to absorb possible future fluctuations in currency values and are classified as Other Accrued Expenses. Net translation losses are charged to gains previously deferred or to operations.

Dart is a 50% owner of a plastics processing corporation and a party to a joint operating agreement whereby it has an undivided 50% interest in plant and other assets relating to the production and marketing of certain petrochemicals. The accompanying statements include 50% of the assets, liabilities, income and costs and expenses of these jointly owned activities.

Inventories Inventories used in determining cost of goods sold are stated at the lower of cost or market after eliminating intercompany profits. In general, cost as applied to inventory valuation represents current purchase or manufacturing cost applied on the first-in, first-out method for finished goods and average cost for other inventories. Obsolete and damaged merchandise is excluded.

Depreciation, amortization, maintenance, etc. Depreciation of property, plant and equipment is provided on a consistent basis over the estimated average useful lives of the various assets, applied chiefly on a straight line basis excluding fully depreciated assets.

Lives used for calculating depreciation rates for the principal asset classifications are as follows: buildings and improvements—10 to 50 years; machinery and equipment—3 to 18 years; leasehold improvements—10 to 14 years or period of the lease.

Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Expenditures for additions, improvements, replacements, betterments and major renewals are added to the property, plant and equipment accounts. Expenditures for rebuilding furnaces and for repairs to related equipment

are capitalized as incurred either as inventory, in the case of materials purchased for such repairs pending their use, or as fixed assets which are depreciated over their estimated service lives.

Plant assets retired, or otherwise disposed of, are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. Gains and losses from disposals are included in earnings.

Intangibles having a limited life are amortized over their estimated useful lives. Certain intangibles acquired prior to October 31, 1970 are considered to have an unlimited life and are not being amortized.

Expenditures for research and development are charged to earnings as incurred.

Income taxes Declining balance and guideline depreciation and the instalment method of income recognition generally are used in the determination of income for tax purposes where applicable. Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between book and tax income.

Investment tax credits are accounted for on the flow-through basis.

Dart and its domestic subsidiaries file a consolidated federal income tax return. Provision is made for United States income taxes on earnings of foreign subsidiaries which are not expected to be invested indefinitely.

Resort development The provisions of the industry accounting guide, "Accounting for Retail Land Sales," issued by the American Institute of Certified Public Accountants are followed for resort lot sales and are applied on a project by project basis. The instalment method will be used until actual collection experience for a project indicates that collectibility of receivable balances is reasonably predictable, after which the accrual method as defined in the Guide will be used. Under the instalment method, the gross profit less selling expenses related to the portion of the sales price which is not received in cash is deferred at the time of sale and recognized as cash is collected. In the opinion of management, at December 31, 1973 none of Dart's projects qualifies for the accrual method under the provisions of the Guide.

Interest and property taxes related to land held for improvement are charged to earnings as incurred.

Statement of Earnings and Retained Earnings

For the Years Ended December 31, 1973 and 1972	1973	1972 (restated)
Income:		
Net sales	\$ 993,322,000	\$892,380,000
Other income	15,656,000	11,811,000
	1,008,978,000	904,191,000
Costs and Expenses:		
Cost of goods sold and operating expenses	602,945,000	529,714,000
Selling, distribution and administrative expenses	233,525,000	223,594,000
Depreciation and amortization	38,703,000	34,346,000
Interest expense	13,915,000	12,222,000
Provision for income taxes	57,600,000	50,600,000
	946,688,000	850,476,000
Earnings Before Extraordinary Items	62,290,000	53,715,000
Extraordinary items, net of applicable income taxes		1,143,000
Net Earnings	62,290,000	54,858,000
Retained earnings at beginning of year	271,849,000	251,947,000
	334,139,000	306,805,000
Dividends:		
Cash—		
Dart Industries Inc.		
Preferred—\$2 per share	5,913,000	5,916,000
Common—\$.325 and \$.29 per share	6,538,000	5,783,000
Pooled company prior to merger		19,000
Common Stock, 3%, 585,900 shares at \$48.00 per share paid in March 1973 and 560,000 shares at \$41.50 paid in March 1972	28,122,000	23,238,000
	40,573,000	34,956,000
Retained Earnings at End of Year	\$ 293,566,000	\$271,849,000
Earnings per Share of Common Stock:		
Including Common Stock Equivalents—		
Before extraordinary items	\$ 2.77	\$ 2.34
Extraordinary items		.06
Net earnings	\$ 2.77	\$ 2.40
Fully Diluted—		
Before extraordinary items	\$ 2.67	\$ 2.28
Net earnings	\$ 2.67	\$ 2.33

See accompanying notes to financial statements and summary of accounting policies.

Balance Sheet December 31, 1973 and 1972**Assets**

	1973	1972 (restated)
Current assets:		
Cash	\$ 37,182,000	\$ 27,999,000
Short term securities, at cost which approximates market	20,405,000	84,651,000
Total cash and short term securities	57,587,000	112,650,000
Accounts and notes receivable	146,096,000	132,309,000
Inventories	193,093,000	175,744,000
Prepaid expenses	8,150,000	7,274,000
Deferred future income tax benefits	12,000,000	10,900,000
Total current assets	416,926,000	438,877,000
Resort development assets	109,284,000	93,562,000
Properties:		
Properties owned	325,162,000	300,760,000
Properties leased from others	17,157,000	18,432,000
Total properties	342,319,000	319,192,000
Investments and other assets:		
Marketable securities		
(quoted market value: 1973—\$76,199,000; 1972—\$48,328,000)	80,954,000	44,204,000
3M Company common stock held in escrow for exchange by		
holders of 4¼ % and 4¾ % debentures (quoted market		
value: 1973—\$66,066,000; 1972—\$72,529,000)	35,162,000	35,162,000
Equity in unconsolidated finance subsidiaries	3,653,000	3,576,000
Other assets, receivables and investments	32,342,000	28,498,000
Intangibles in businesses purchased, less amortization	14,697,000	15,137,000
Total investments and other assets	166,808,000	126,577,000
Total assets	\$1,035,337,000	\$978,208,000

See accompanying notes to financial statements and summary of accounting policies.

Liabilities and Stockholders' Equity

	1973	1972 (restated)
Current liabilities:		
Accounts payable	\$ 48,243,000	\$ 46,792,000
Accrued compensation	23,272,000	21,133,000
Other accrued expenses	69,571,000	60,708,000
Short term loans, foreign	5,428,000	3,776,000
Current instalments of discounted rental obligations	1,387,000	1,340,000
Current instalments of long term debt	7,373,000	7,085,000
Income taxes	19,600,000	16,000,000
Total current liabilities	174,874,000	156,834,000
Resort development liabilities	25,507,000	33,673,000
Discounted rental obligations, less current instalments	17,848,000	19,327,000
Long term debt, less current instalments	197,878,000	204,925,000
Deferred income taxes	54,400,000	51,500,000
Stockholders' equity:		
Preferred Stock	14,944,000	14,948,000
Common Stock	25,423,000	24,555,000
Capital in excess of par value	232,444,000	202,170,000
Retained earnings*	293,566,000	271,849,000
	566,377,000	513,522,000
Less cost of reacquired shares of capital stock:		
Preferred—32,500; Common—742 in 1973 and 1,942 in 1972	1,547,000	1,573,000
Total stockholders' equity	564,830,000	511,949,000
Total liabilities and stockholders' equity	\$1,035,337,000	\$978,208,000

*Of the 1973 retained earnings, approximately \$15,100,000 is reserved for a 3% Common Stock dividend payable May 28, 1974.

Statement of Capital Stock

<i>For the Years Ended December 31, 1973 and 1972</i>	1973		1972 (restated)	
	<i>Shares issued</i>	<i>Amount</i>	<i>Shares issued</i>	<i>Amount</i>
Preferred, \$5.00 Par Value				
Authorized, 3,000,000 shares				
Series A \$2 Cumulative Convertible (aggregate liquidating preference in 1973 — \$149,445,000)				
At Beginning of Year	2,989,600	\$14,948,000	2,992,200	\$14,961,000
Upon conversion into Common Stock	(700)	(4,000)	(2,600)	(13,000)
At End of Year, Including Reacquired Shares	2,988,900	\$14,944,000	2,989,600	\$14,948,000
Common, \$1.25 Par Value				
Authorized, 35,000,000 shares				
At Beginning of Year	19,644,000	\$24,555,000	18,889,700	\$23,612,000
For stock dividend	585,900	732,000	560,000	700,000
Upon exercise of options	104,400	131,000	188,200	236,000
Additional shares issued in connection with a 1970 pooling	3,500	4,000	3,500	4,000
Upon conversion of Preferred Stock	700	1,000	2,600	3,000
At End of Year, Including Reacquired Shares	20,338,500	\$25,423,000	19,644,000	\$24,555,000

Statement of Capital in Excess of Par Value

<i>For the Years Ended December 31, 1973 and 1972</i>	1973	1972 (restated)
At Beginning of Year	\$202,170,000	\$174,898,000
Excess of fair value over par value of Common Stock issued as stock dividend	27,390,000	22,538,000
Additional shares of Common Stock issued in connection with a 1970 pooling	(4,000)	(4,000)
Tax benefit arising from exercise of non- qualified options and from disqualifying dispositions of Common Stock by optionees	170,000	400,000
Other credits, principally the excess of option prices over par value of stock options exercised	2,718,000	4,338,000
At End of Year	\$232,444,000	\$202,170,000

See accompanying notes to financial statements and summary of accounting policies.

Statement of Changes in Financial Position

For the Years Ended December 31, 1973 and 1972	1973	1972 (restated)
Working Capital Provided by:		
Earnings for the year before extraordinary items	\$ 62,290,000	\$ 53,715,000
Depreciation and amortization	38,703,000	34,346,000
Provision for deferred income taxes	2,900,000	4,100,000
Provided by operations, excluding extraordinary items	103,893,000	92,161,000
Net extraordinary gain		1,143,000
Provided by operations and net extraordinary gain	103,893,000	93,304,000
Issuance of 4¼ % Subordinated Debentures		60,000,000
Issuance of 4¾ % Subordinated Debentures		20,000,000
Other increase in long term debt	696,000	3,490,000
Sale or other disposition of 3M Company common stock, excluding gain	510,000	22,958,000
Sale of properties and other investments, excluding gain or loss	3,482,000	4,000,000
Exercise of stock options	2,834,000	4,564,000
Tax benefit arising from certain stock option transactions	170,000	400,000
Other	137,000	40,000
Total Working Capital Provided	111,722,000	208,756,000
Working Capital Used for:		
Properties and other assets purchased	68,815,000	69,543,000
Properties leased from others		621,000
Equity in unconsolidated finance subsidiaries	77,000	111,000
Purchase of notes receivable from unconsolidated finance subsidiary		4,935,000
Cash dividends paid by Dart		
Preferred Stock	5,913,000	5,916,000
Common Stock	6,538,000	5,783,000
Investment in resort development	23,888,000	26,072,000
Investment in marketable securities	37,260,000	40,363,000
Decrease in long term debt	7,743,000	14,640,000
Discounted rental obligations	1,479,000	1,348,000
Other		37,000
Total Working Capital Used	151,713,000	169,369,000
Working Capital Increase (Decrease)	\$ (39,991,000)	\$ 39,387,000
Changes in Components of Working Capital:		
Cash and short term securities	\$ (55,063,000)	\$ 32,703,000
Accounts and notes receivable	13,787,000	16,717,000
Inventories	17,349,000	14,557,000
Other current assets	1,976,000	5,850,000
Accounts payable	(1,451,000)	(4,943,000)
Accrued expenses	(11,002,000)	(15,465,000)
Short term loans, foreign	(1,652,000)	(688,000)
Income taxes	(3,600,000)	(8,401,000)
Other current liabilities	(335,000)	(943,000)
Working Capital Increase (Decrease)	\$ (39,991,000)	\$ 39,387,000

See accompanying notes to financial statements and summary of accounting policies.

*Notes to Financial Statements***Details of Balance Sheet**

	1973	1972
Accounts and notes receivable:		
Trade	\$145,001,000	\$128,870,000
Other	9,311,000	11,494,000
	154,312,000	140,364,000
Less allowance for doubtful accounts	8,216,000	8,055,000
	\$146,096,000	\$132,309,000
Inventories:		
Raw materials and supplies	\$ 68,354,000	\$ 53,997,000
Work in process	17,717,000	14,870,000
Finished goods	107,022,000	106,877,000
	\$193,093,000	\$175,744,000
Properties owned, at cost:		
Land	\$ 9,014,000	\$ 8,771,000
Buildings and improvements	148,391,000	135,107,000
Machinery and equipment	364,546,000	330,465,000
Leasehold improvements	1,908,000	3,972,000
Construction in progress	15,927,000	10,283,000
	539,786,000	488,598,000
Less accumulated depreciation	214,624,000	187,838,000
	\$325,162,000	\$300,760,000
Long term debt, less current instalments:		
7½ % Sinking Fund Debentures, due April 1, 1996, \$60,000,000 less unamortized discount of \$254,000 and \$271,000	\$ 59,746,000	\$ 59,729,000
4¼ % Subordinated Debentures, due July 15, 1997 (exchangeable for 10.75 shares of 3M Company common stock per \$1,000 debenture)	60,000,000	60,000,000
4¾ % Subordinated Debentures, due August 15, 1987 (exchangeable for 10.1 shares of 3M Company common stock per \$1,000 debenture)	20,000,000	20,000,000
Unsecured notes, 4.042% to 5.75%, due in annual instalments to 1987	53,539,000	58,533,000
Other	4,593,000	6,663,000
	\$197,878,000	\$204,925,000

Business combinations In 1973, Dart acquired two companies in exchange for 120,300 shares of Dart Common Stock. Net sales and net earnings of these companies were \$4,264,000 and \$351,000, respectively, in 1972. These transactions were accounted for as poolings of interests and accordingly the accompanying statements include the accounts of these businesses as of December 31, 1973 and for the year then ended. Comparative 1972 amounts have been restated to include the accounts of these businesses. During 1973 and 1972 3,500 additional shares of Dart Common Stock were issued each year under the terms of a 1970 acquisition agreement; a maximum of 7,300 more shares may be issued in 1974. Certain other businesses were acquired for cash or for previously reacquired shares of Dart Common Stock and were accounted for as purchases. The operating results of these businesses have been included in Dart's financial statements from the dates of acquisition and were not significant.

International operations A summary of accounts related to foreign subsidiaries at December 31 (excluding intercompany accounts) follows:

	1973	1972
Current assets	\$102,948,000	\$ 75,697,000
Properties	52,544,000	42,363,000
Investments and other assets	4,064,000	4,512,000
Total assets	159,556,000	122,572,000
Current liabilities	47,058,000	37,333,000
Long term debt and deferred income taxes	7,892,000	5,943,000
Total liabilities	54,950,000	43,276,000
Net assets of foreign subsidiaries in consolidation	\$104,606,000	\$ 79,296,000

Net sales from operations outside the United States were \$210,965,000 in 1973 and \$161,209,000 in 1972. Net exchange gains were \$2,100,000 in 1973 and insignificant in 1972 and deferred gains amounted to \$3,300,000 and \$1,200,000 at December 31, 1973 and 1972, respectively. Undistributed earnings of foreign subsidiaries included in consolidation were \$12,352,000 for 1973 and \$12,081,000 for 1972 and aggregated \$66,363,000 at December 31, 1973. Dart has not considered it necessary to provide for deferred income taxes on \$62,563,000 of this total because that amount has been or is expected to be reinvested outside the United States for an indefinite period of time. Dividends of \$5,481,000 in 1973 and \$1,044,000 in 1972 were received from foreign subsidiaries.

Resort development operations A summary of accounts related to resort development operations at December 31 (excluding intercompany accounts) follows:

	1973	1972
Assets		
Cash, prepaid expenses, etc.	\$ 518,000	\$ 770,000
Notes receivable, principally 8¼ % and 8¾ %	43,580,000	47,064,000
Deferred profit on land sales	(11,534,000)	(13,601,000)
Land and improvements	65,709,000	48,717,000
Properties and other assets	11,011,000	10,612,000
	\$109,284,000	\$ 93,562,000
Liabilities		
Accounts payable, accrued costs and expenses, etc.	\$ 24,508,000	\$ 31,997,000
Notes payable on land obligations, 6% to 8%	999,000	1,676,000
	\$ 25,507,000	\$ 33,673,000

Principal collections on notes receivable are due in the five years subsequent to December 31, 1973 as follows: 1974 — \$3,972,000; 1975 — \$4,256,000; 1976 — \$4,349,000; 1977 — \$4,509,000; 1978 — \$4,707,000.

Total estimated costs to complete improvements related to active projects, based on engineering studies, amount to \$20,805,000, and anticipated expenditures related to such improvements are estimated to be as follows: 1974 — \$18,725,000; 1975 — \$2,080,000.

Total principal payments due on notes payable on land obligations in the five years subsequent to December 31, 1973 are as follows: 1974 — \$82,000; 1975 — \$89,000; 1976 — \$179,000; 1977 — \$93,000; 1978 — \$95,000.

Cost of goods sold and operating expenses includes deferred profit on resort lot sales of \$508,000 for 1973 and \$4,787,000 for 1972 (net of profit recognized: 1973 — \$1,733,000; 1972 — \$1,315,000).

Properties leased from others Dart has recorded as assets the cost of certain properties leased from others. The related discounted lease obligations are set forth separately in the accompanying balance sheet. Dart has no legal responsibility for payments under the terms of any of these leases except for rent, insurance, taxes and maintenance.

These lease obligations are payable approximately \$2,300,000 annually until 1977, then decreasing and continuing at lesser amounts thereafter to 1993. Commitments under other leases are shown in a following Note.

Marketable securities During 1972, Dart initiated a program of investing in industrial and utility common and preferred stocks on a highly selective basis to increase the return on funds held for future development and

Notes to Financial Statements (continued)

expansion. Because it is not anticipated that such securities will be sold until sometime after 1974, the investments therein have been reflected as non-current assets under Investments and Other Assets.

Unconsolidated finance subsidiaries Dart Industries Credit Corp. (DICC) is a wholly-owned subsidiary formed to finance certain receivables generated by operations of Dart. DICC has an Agreement with six banks for a \$65 million line of credit expiring in 1976 with certain renewal options. Interest on borrowings is payable quarterly at $\frac{1}{2}$ of 1% above the prime rate of interest charged by the lead bank. Borrowings of DICC are not guaranteed by Dart but receivables are purchased from Dart on a basis to yield earnings of at least 150% of DICC's fixed charges. There is no debt outstanding under the agreement.

Balance sheets of DICC at December 31 follow:

	1973	1972
Assets		
Cash	\$ 4,000	\$ 13,000
Notes receivable, principally 8 $\frac{1}{4}$ %, including \$397,000 and \$372,000 due in one year	3,374,000	3,720,000
Receivable from Dart	291,000	
Other assets	41,000	57,000
Total assets	\$3,710,000	\$3,790,000
Liabilities and Stockholder's Equity		
Liabilities:		
Payable to Dart		\$ 196,000
Accrued expenses	\$ 24,000	19,000
Total liabilities	24,000	215,000
Stockholder's equity:		
Common stock, \$100 par value		
Authorized and outstanding, 1,000 shares	100,000	100,000
Capital in excess of par value	3,352,000	3,352,000
Retained earnings	234,000	123,000
Total stockholder's equity	3,686,000	3,575,000
Total liabilities and stockholder's equity	\$3,710,000	\$3,790,000

Net earnings of DICC were \$111,000 in 1973 and \$110,000 in 1972.

In late 1972, Dart formed a wholly-owned subsidiary, Dart Industries Mortgage Company (DIMC), to finance

a portion of the cost of home building by property owners in Dart resort development projects. At December 31, 1973, no significant financing had been required of DIMC.

Short term loans and borrowing arrangements Foreign short term loans are unsecured and aggregated a maximum of \$5,428,000 and \$4,441,000 at any monthend in 1973 and 1972, respectively. Weighted average borrowings and interest rates during the year, based on amounts outstanding at each monthend, were \$3,300,000 and 9.2% in 1973 and \$3,326,000 and 6.6% in 1972. At December 31, 1973 and 1972 the weighted average interest rates were 8.4% and 6.3%, respectively.

Unused lines of short term credit, primarily with United States banks, totaled \$44,000,000 at December 31, 1973 and provide for unsecured ninety day loans generally at the banks' prime rates. Compensating balance requirements under these and another credit line established for an unconsolidated finance subsidiary are not material.

Income taxes Income taxes charged to earnings, net of \$4,191,000 of tax benefits related to the extraordinary items in 1972, were comprised of the following:

	1973	1972
Payable currently		
Federal	\$31,952,000	\$31,741,000
Foreign	15,886,000	10,709,000
State	5,862,000	5,359,000
	53,700,000	47,809,000
Tax effect of timing differences		
Federal	1,639,000	(2,342,000)
Foreign	2,023,000	1,258,000
State	238,000	(316,000)
	3,900,000	(1,400,000)
	\$57,600,000	\$46,409,000

The tax effect of timing differences, resulting from variances between accounting for financial statement purposes and accounting for tax purposes, is as follows:

	1973	1972
Depreciation	\$ 6,500,000	\$ 3,850,000
Instalment sales	(1,755,000)	4,420,000
Accrued taxes and other expenses not deductible until paid	(2,970,000)	360,000
Provision for discontinuance, etc. of certain operations	3,020,000	(7,245,000)
Sale of 3M Company common stock		(3,200,000)
Other	(895,000)	415,000
	\$ 3,900,000	\$ (1,400,000)

Income taxes charged to earnings differ from an amount computed using the United States federal income tax rate of 48%. A reconciliation between an amount computed using the 48% rate and the provision for income taxes is as follows:

	1973	1972
Amount computed using the 48% rate	\$57,500,000	\$48,600,000
Increases (reductions) in taxes resulting from:		
State income taxes, net of federal income tax benefit	3,170,000	2,620,000
Benefit from income taxed at capital gains rate		(2,800,000)
Investment tax credit	(2,200,000)	(1,725,000)
Other	(870,000)	(286,000)
Provision for income taxes	\$57,600,000	\$46,409,000

Long term debt Total principal payments due on long term debt in the five years subsequent to December 31, 1973 are as follows: 1974—\$7,373,000; 1975—\$6,522,000; 1976—\$6,136,000; 1977—\$5,769,000; 1978—\$5,477,000.

The 7½% Sinking Fund Debentures are due April 1, 1996. Through the operation of a mandatory sinking fund, Dart is obligated to redeem \$4,000,000 aggregate principal amount of these Debentures on April 1 in each of the years 1982 to 1995, inclusive, at 100% of the principal amount thereof, subject to credit (at the principal amount thereof), at Dart's option, for Debentures acquired or redeemed otherwise than through the operation of the sinking fund. In addition, Dart has the noncumulative option to redeem through the sinking fund an additional \$4,000,000 aggregate principal amount of these Debentures in each such year at 100% of the principal amount thereof.

Under loan agreements with certain banks and insurance companies, \$139,000,000 of the consolidated retained earnings at December 31, 1973 is not restricted as to payment of cash dividends. The agreements impose no restrictions on payment of stock dividends.

Preferred Stock Holders of the Series A \$2 Cumulative Convertible Preferred Stock are entitled to receive \$2 per share annual cash dividends, to one vote per share and, upon any voluntary liquidation, dissolution or winding up, to receive \$50 per share plus accrued unpaid dividends. Each share of the Preferred Stock is convertible by the holder into Common Stock on a share for share basis adjusted for stock dividends in excess of 3% in any one year or for recapitalization. The Preferred Stock may be called for redemption at \$55 per share plus accrued unpaid dividends.

Stock options 1,148,100 shares of Dart Common Stock are reserved for purchase by officers and employees under stockholder approved stock option plans. Options for 1,241,600 shares were exercised prior to 1973.

A summary of changes during 1973 follows:

	Options outstanding	
	Shares	Amount
At beginning of year	1,119,600	\$42,187,000
Adjustment for stock dividend	33,500	
Options granted	109,000	3,725,000
Options exercised	(104,400)	(2,834,000)
Options canceled	(189,400)	(6,771,000)
At end of year	968,300	\$36,307,000

At December 31, 1973, options for 340,400 shares of Common Stock were exercisable and 179,800 shares were available for grant.

Commitments and contingencies Dart leases real estate, transportation equipment and other machinery and equipment under short and long term, cancelable and noncancelable lease agreements which generally provide for fixed monthly payments over the terms of the leases. There are no significant contingent rentals based on usage, sales or other similar factors. Many leases require additional payments for property taxes, insurance and maintenance. Some of the leases entered into prior to 1965 contain purchase options. Information concerning certain capitalized leases is contained in a preceding Note. Provision has been made for estimated losses on leased properties no longer operated.

Rental expense, reduced by sublease income of \$2,412,000 in 1973 and \$2,161,000 in 1972, totaled \$23,364,000 for 1973 and \$20,597,000 for 1972 and included \$13,084,000 and \$11,802,000, respectively, relating to noncancelable leases considered to be non-capitalized financing leases (as defined by the Securities and Exchange Commission).

Minimum rental commitments under noncancelable leases in effect at December 31, 1973, net of sublease rentals receivable of \$8,669,000, are payable as follows:

	Minimum rental commitments		
	Real estate	Transportation equipment	Other machinery and equipment
Payable in—			
1974	\$ 4,382,000	\$ 8,904,000	\$ 938,000
1975	3,633,000	4,473,000	519,000
1976	2,899,000	2,263,000	221,000
1977	2,364,000	1,095,000	55,000
1978	2,230,000	900,000	22,000
1979-1983	7,880,000	1,414,000	16,000
1984-1988	2,029,000	123,000	
1989-1993	324,000		
after 1993	185,000		
	\$25,926,000	\$19,172,000	\$1,771,000

Notes to Financial Statements (continued)

Amounts applicable to financing leases included in the above table are as follows: 1974—\$9,651,000; 1975—\$4,929,000; 1976—\$2,690,000; 1977—\$1,453,000; 1978—\$1,259,000; 1979 to 1983—\$3,077,000; 1984 to 1988—\$436,000; 1989 to 1993—\$201,000; after 1993—\$185,000.

The present values of the minimum rental commitments under financing leases are less than 5% of stockholders' equity; the impact on net earnings of the assumed capitalization of such leases is less than 3% of average net earnings for the most recent three years.

Dart is a defendant in certain civil class action suits, in which substantial damages are claimed, involving its resort development projects and two other land projects in which Dart has a minority interest. In addition, certain lawsuits have been filed against Dart relative to its other operations. In the opinion of management and legal counsel, the ultimate disposition of these actions will not have a materially adverse effect on Dart's financial position or results of operations.

Capital expenditures It is estimated that capital expenditures for 1974 will be about \$80,000,000.

Retirement plans Dart and certain of its United States subsidiaries continued the contributory profit sharing retirement plan, the principal retirement plan, established in 1955 covering salaried employees with one or more years of employment with Dart. The aggregate Dart contribution in any year is based upon consolidated earnings before federal income taxes, is limited to six percent of the consolidated earnings as defined and cannot exceed the amount deductible for federal income tax purposes. The computations include net earnings of certain divisions whose employees do not participate in the Dart plan, but who participate in previously existing retirement plans which have been continued in effect. The contribution to be made under the Dart profit sharing plan amounted to \$4,768,000 for 1973 and was \$3,461,000 for 1972.

Dart and its subsidiaries have several pension plans covering substantially all of their employees not covered by Dart's profit sharing retirement plan, including certain employees in foreign countries. The total pension expense was \$4,378,000 for 1973 and \$3,767,000 for 1972 which includes, as applicable, amortization of prior service cost principally over a period of 40 years. Dart's policy is, generally, to contribute the pension cost accrued for funded plans and to create accounting reserves for unfunded plans. The actuarially computed value of vested benefits for all plans exceeded, as of December 31, 1973, the total of the pension funds and accruals by about \$12,100,000.

Incentive compensation Under the formula incorporated in Dart's 1962 stockholder approved Incentive Compensation Plan for principal officers and key employees, the Incentive Compensation Committee and the Executive Committee of the Board of Directors awarded to 69 principal officers and key employees \$1,006,000 (\$1,071,000 for 1972) of the total of

\$3,816,000 available for 1973. No outside director participates in this plan.

Pursuant to stockholder authority granted in 1962, various other approved plans are in effect for divisions and subsidiaries of Dart and certain special awards have been authorized for employees not participating in any plan. No principal officer or director participates in these plans or special awards. The above named committees awarded \$4,570,000 (\$4,216,000 for 1972) to 675 persons in these categories. The total amount available under the plans and inclusive of special awards was \$7,263,000.

Excess amounts available but not awarded under all plans are not available for future awards.

Earnings per share of Common Stock Earnings per share of Common Stock and Common Stock equivalents are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options granted after May 31, 1969. Such increased average shares were 20,355,800 for 1973 and 20,422,200 for 1972. Net earnings attributable to Common Stock are after deducting Preferred dividend requirements.

Fully diluted earnings per share of Common Stock are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A \$2 Cumulative Convertible Preferred Stock retroactive to the beginning of each year and assumption of exercise of all dilutive stock options retroactive to the beginning of each year, or later dates of grant, and purchase of treasury stock with the proceeds at the higher of yearend or average market prices. Such increased average shares were 23,309,000 for 1973 and 23,566,800 for 1972.

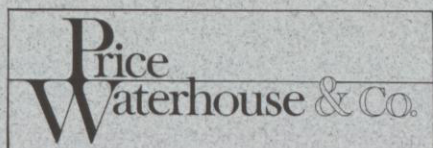
All per share amounts give retroactive effect to stock dividends paid.

Extraordinary items The net extraordinary gain of \$1,143,000 in 1972 resulted from the following:

Sale of 539,200 shares of 3M Company common stock	\$15,652,000
Income tax provision	5,509,000
	10,143,000
Provision for discontinuance, liquidation, disposition and consolidation of certain operations	18,700,000
Income tax benefit	9,700,000
	9,000,000
	\$ 1,143,000

The provision is related to the discontinuance, liquidation or sale of certain of the operations and stores of the Rexall Drug and Retail Group, including the Liggett agency division, and to the closing, liquidating or consolidating of certain other operations and plants.

Report of Independent Accountants



606 South Olive Street
Los Angeles 90014

March 4, 1974

To the Board of Directors and
Stockholders of Dart Industries Inc.

In our opinion, the accompanying consolidated financial statements on pages 30 to 40 present fairly the financial position of Dart Industries Inc. and consolidated subsidiaries at December 31, 1973 and 1972, and the results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Ten Year Financial Review

(Dollar amounts in thousands except per share data; stock information relates to Common Stock, unless otherwise indicated)

For the Year	1973	1972†
Operations*		
Net sales	993,322	892,380
Earnings before income taxes	119,890	104,315
Income taxes	57,600	50,600
Earnings before extraordinary items	62,290	53,715
Extraordinary items		1,143
Preferred dividend requirements**	5,913	5,916
Net earnings applicable to Common Stock after Preferred dividend requirements	56,377	48,942
Per share of Common Stock		
Including Common Stock equivalents		
Earnings before extraordinary items	2.77	2.34
Net earnings	2.77	2.40
Fully diluted — after 1967***		
Earnings before extraordinary items	2.67	2.28
Cash dividends	.325	.30
Stock dividends	3%	3%
Cash dividends paid		
Common Stock	6,538	5,783
Preferred Stock	5,913	5,916
Properties and other assets purchased — after 1966	68,815	69,543
Depreciation and amortization	38,703	34,346
Cash flow ****	103,893	93,304
At Yearend		
Working capital	242,052	282,043
Properties owned (net)	325,162	300,760
Total assets	1,035,337	978,208
Long term debt	197,878	204,925
Deferred income taxes	54,400	51,500
Stockholders' equity	564,830	511,949
Shares of stock outstanding		
Common	20,337,800	20,227,700
Preferred (pro forma prior to 1966)	2,956,400	2,957,100
Stockholders		
Common	32,110	32,591
Preferred (pro forma prior to 1966)	5,476	5,396
Employees (including Riker prior to 1970)	28,483	28,124

†Amounts for 1972 have been restated for poolings of interests in 1973.

*Excluding Riker after 1965.

**Pro forma for years prior to issuance of stock in mergers.

***Computation of fully diluted earnings per share have been made only for years after 1967, in accordance with Accounting Principles Board Opinion 15.

****Net earnings, plus depreciation and amortization and provision for deferred income taxes.

1971	1970	1969	1968	1967	1966	1965	1964
815,968	706,263	666,543	602,250	566,883	527,315	526,773	446,654
86,450	77,711	83,202	63,659	54,602	44,317	65,816	49,995
42,200	38,233	42,650	31,611	23,527	17,596	28,420	22,027
44,250	39,478	44,842	37,116	35,405	30,635	37,396	27,968
	52,445		294				1,845
5,919	5,920	5,910	5,945	5,914	5,859	5,897	5,466
38,331	86,003	38,932	31,465	29,491	24,776	31,499	24,347
1.92	1.71	2.02	1.66	1.59	1.35	1.72	1.30
1.92	4.37	2.02	1.67	1.59	1.35	1.72	1.41
1.89	1.69	1.95	1.62				
.30	.30	.30	.30	.30	.30	.30	.26 1/4
3%	3%	3%	3%	3%	3%	3%	3%
5,536	5,273	5,036	4,341	3,929	3,670	3,095	2,528
5,919	5,920	5,910	5,655	5,334	2,640		
53,080	58,271	65,122	35,097	42,497			
31,471	27,740	25,446	23,627	22,196	20,106	16,851	14,270
81,501	137,566	74,085	65,108	60,621	55,028	56,185	44,609
242,455	148,554	172,654	174,439	153,225	144,463	141,662	133,293
273,375	258,756	241,416	207,735	197,365	181,616	164,927	122,043
826,342	737,895	603,275	536,079	495,024	456,025	418,934	355,331
135,755	75,307	75,315	82,375	84,702	88,188	89,255	81,607
47,400	41,600	23,697	19,900	17,300	15,742	12,640	11,112
463,619	428,251	345,727	306,902	276,597	250,569	230,231	187,957
19,906,800	19,665,900	19,393,700	18,944,200	18,607,200	18,392,000	18,411,700	17,308,400
2,959,700	2,959,800	2,956,400	2,976,800	2,957,400	2,930,300	2,961,400	2,734,300
34,208	35,507	34,396	35,144	33,903	32,370	26,769	23,262
5,856	6,030	5,934	5,947	5,204	4,691	4,770	4,450
27,408	26,894	29,381	28,106	27,699	28,346	25,488	20,889

Net earnings per share of Common Stock including Common Stock equivalents for years after 1968 are based upon the weighted average number of shares of Common Stock outstanding during the year increased by the effect of dilutive stock options granted after May 31, 1969. Net earnings per share for years prior to 1969 are based upon the weighted average number of shares of Common Stock outstanding. The shares of Common Stock outstanding and net earnings per share for 1972 and prior years have been adjusted retroactively to give effect to subsequent stock dividends.

Fully diluted earnings per share before extraordinary items are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A \$2 Cumulative Convertible Preferred Stock retroactive to the beginning of the year, except for 1968 and 1970, and assumption of exercise of all dilutive stock options retroactive to the beginning of each year or later dates of grant and purchase of treasury stock with the proceeds at the higher of yearend or average market prices.

Board of Directors

Curtis Barkes, *Director and Chairman of the Finance and Audit Committee, UAL, Inc.*

Robert T. Beattie, *Vice President; Chairman and Chief Executive Officer, Rexall Group*

Russell K. Bolton, *Vice President and General Counsel*

Donald H. Brewer, *Vice Chairman of the Board of Directors; Executive Vice President, Finance and Administration*

John C. Cornelius, *Director and Member of the Executive Committees of Investors Mutual, Inc., Investors Stock Fund Inc., and affiliated funds, Minneapolis; retired Executive Vice President, now Senior Consultant to BBDO advertising agency; former President, The American Heritage Foundation*

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The Chase Manhattan Bank, New York, N.Y.
The National Shawmut Bank of Boston, Boston, Mass.
United California Bank, Los Angeles, Calif.

Independent Accountants

Price Waterhouse & Co.

For additional copies of this Annual Report, or for a copy of Form 10K as submitted to the Securities and Exchange Commission, write:

The President
Dart Industries Inc.
P. O. Box 3157 Terminal Annex
Los Angeles, California 90051

